

Primary Health Care Limited

Board Charter

1. Introduction

The Board of Primary Health Care Limited (the **Company**) has adopted this Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, adopting principles of good corporate governance and practice that accord with international best practice and applicable laws (including the requirements of the Corporations Act and the ASX Listing Rules.)

2. Structure

The Company's constitution governs the regulation of meetings and proceedings of the Board.

The Board determines the size and composition of the Board, subject to the terms of the constitution.

The Board does not consider this length of tenure would necessarily or in all cases materially interfere with a director's ability to act in the best interests of the Company. The Board will make an assessment on a case by case basis with reference to the length of service of all members of the Board and the mix of experience, skills and knowledge of the Board. To this end the Board will monitor the length of service of current directors, the skills and expertise of each director, and consider succession planning issues. Following such an assessment, where it considers it appropriate the Board will not endorse a director's candidacy for re-election upon the director's next retirement by rotation.

It is intended that the Board should comprise a majority of independent non-executive directors and comprise directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

The Chairman of the Board should be an independent non-executive director who is not the Managing Director and Chief Executive Officer (**CEO**) of the Company.

The Board annually reviews the independence of each director in light of the interests disclosed to the Board, and has adopted protocols for potential conflicts to be raised.

The Board has adopted the definition of independence as set out in the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations*. The status of a director's independence will be described in the corporate governance statement set out in the Company's annual report.

3. Role of the board

- Representing and serving the interests of shareholders by overseeing and appraising the strategies, policies and performance of the Company.
- Overseeing the financial and human resources the Company has in place to meet its objectives, and reviewing management performance.

- Protecting and optimising Company performance and building sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed.
- Monitoring and reviewing the effectiveness of the occupational health, safety and environment practices of the Company.
- Ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

4. Role of the Chairman

The Chairman is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions effectively, and for communicating the views of the Board to the public. In particular, the Chairman is required to:

- set the agenda for the matters to be considered at meetings of the Board;
- manage the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of issues affecting the Company's business operations, the Company's current financial position and performance and any opportunities or challenges facing the Company; and
- facilitate open and constructive communications between members of the Board and encourage their contribution to Board deliberations; and
- be the key link between the Board, the CEO and the Company's senior management.

5. Responsibilities of the Board

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director, employee or other person. However, the Board acknowledges that it retains ultimate responsibility for the exercise of such powers under the Corporations Act.

5.1 General responsibilities/functions of the Board include:

- (a) selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning for the successor of, the CEO;
- (b) reviewing procedures in place for appointment of senior management and monitoring of its performance, and for succession planning. This includes ratifying the appointment and the removal of the Chief Financial Officer and the Company Secretary;
- (c) input into, and final approval of, management and development of corporate strategy, including setting performance objectives and approving operating budgets;
- (d) reviewing and guiding systems of risk management and internal control and ethical and legal compliance. This includes reviewing procedures in place to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- (e) monitoring corporate performance and implementation of strategy and policy;

- (f) approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- (g) monitoring and reviewing management processes in place aimed at ensuring the integrity of financial and other reporting;
- (h) monitoring and reviewing policies and processes in place relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards; and
- (i) performing such other functions as are prescribed by law or are assigned to the Board.

5.2 Specific responsibilities of the Board in relation to Occupational Health, Safety and Environment (OHS&E) include:

- (a) monitoring and reviewing all aspects of occupational health, safety and environment risks which are relevant to the Company's operations;
- (b) reviewing all significant OHS&E policies and changes to them, as appropriate;
- (c) ensuring that adequate procedures (including compliance systems and procedures) are in place to support the Company's occupational health, safety and environment policies;
- (d) monitoring compliance with the Company's policies and procedures that recognise the Company's business, environmental and statutory responsibilities and overseeing incident investigations and receiving and monitoring reports from management regarding the adequacy of performance and compliance; and
- (e) reviewing major initiatives, developments and long term strategies in the health, safety and environment area. The Board has rights of access to management, and to the external and internal auditors without management present, and rights to seek explanations and additional information in relation to its responsibilities pertaining to OHS&E.

5.3 Specific responsibilities of the Board in relation to the nomination of directors include:

- (a) reviewing the size and composition of the Board, including reviewing Board succession plans;
- (b) reviewing the criteria for Board membership, including assessment of necessary and desirable competencies of Board members;
- (c) reviewing membership of the Board and considering the appointment and removal of directors and, where necessary, potential candidates for Board appointment;
- (d) arranging for the performance evaluation of the Board, its committees and individual directors, and developing and implementing plans for identifying, assessing and enhancing director competencies;
- (e) reviewing corporate governance issues;
- (f) reviewing the number and nature of non-executive directors' other directorships and calls on their time from other commitments to ensure they are in a position to devote sufficient time in relation to the Company's affairs; and
- (g) ensuring that an effective induction process is in place (covering the operation of the Board and its committees, and the Company's financial,

strategic, operational and risk management positions) and regularly reviewing its effectiveness.

- (h) providing the opportunity for directors to participate in the Company's continuing education programs to ensure that they are kept up to date with developments in fields relevant to the Company's operations.

5.4 Matters which are specifically reserved for the Board include the following:

- (a) appointment of a chair;
- (b) appointment, removal and the terms and conditions of employment of the CEO;
- (c) appointment of directors to fill a vacancy or as additional directors;
- (d) establishment of Board committees, their membership and delegated authorities;
- (e) approval of dividends;
- (f) development and review of corporate governance principles and policies;
- (g) approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- (h) calling of meetings of shareholders; and
- (i) any other specific matters nominated by the Board from time to time.

5.5 Risk Management

The Board's specific function with respect to risk management is to review and satisfy itself that:

- (a) the Company's ongoing risk management program effectively identifies all areas of potential risk;
- (b) adequate policies and procedures have been designed and implemented to manage identified risks;
- (c) proper remedial action is undertaken to redress areas of weakness; and
- (d) overseeing the most significant risks, how they are changing, and how they are being mitigated.

6. Relationship with management

- Directors may delegate their powers as they consider it appropriate. However, ultimate responsibility for strategy and control rests with the directors.
- Management must supply the Board with information in a form, timeframe and quality that will enable the board to discharge its duties effectively. It follows that directors are entitled to request additional information at any time when they consider it appropriate.
- The Board does not manage the Company. The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and by other officers to whom management function is properly delegated by the CEO).
- The Board approves corporate objectives for the CEO to satisfy and, jointly with the CEO, develops the duties and responsibilities of the CEO.
- Where a director seeks to provide information about business opportunities or introductions to the Company, this should be done through the CEO with the Chairman also being informed.

7. Independent Professional Advice

Any director, with the approval of the Chairman, can seek independent professional advice at the Company's expense. If the Chairman refuses approval, the director may consult with the full Board or, in the case of an executive director, with the non-executive directors.

8. Delegation to Committees

The Board from time to time establishes committees to streamline the discharge of its responsibilities and, for any standing committee, adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of such a committee.

The Board has, as the date of this Charter, established the Audit and Compliance Committee and the Remuneration Committee.

Given the relatively small size of the Board, the directors have not considered it necessary or appropriate to formally establish a Nomination Committee or Occupational Health, Safety & Environment Committee because those responsibilities can be efficiently performed by the full Board. The Board will review the committee structure from time to time as part of its annual review of this Charter.

The Board may also delegate specific functions to ad hoc committees on an "as needs" basis. The powers delegated to these Committees are set out in Board resolutions.

The compositions, role and performance of each committee will be reviewed on an annual basis as part of the Boards performance assessment process.

9. Administrative Matters

The Board determines a schedule of meetings at the beginning of each year. Additional meetings are held as required to address specific issues.

A meeting of the Board will have a quorum if there are two directors present.

The Company Secretary attends meetings of the Board or a Committee as minute secretary. Members of management may be invited to attend Board or Committee meetings (or parts of meetings) from time to time where the Board or the Committee considers their involvement will assist the Board or Committee when considering items of business.

All minutes of the Board or a Committee are required to be signed by the Chairman as a true and correct record. They will be entered into the minute book and will be open for inspection by any director.

All directors and other attendees at Board or Committee meetings are required, as officers and/or fiduciaries of the Company, to keep confidential all information presented to (whether written or oral) or discussed at Board and Committee meetings.

Where practical, non-executive directors are expected to inform the Board prior to accepting appointments outside the Company.

10. Review

This Charter shall be reviewed by the Board as required.

In addition, the Board, Committees and individual directors are all required to participate in annual performance reviews.

Directors must provide written feedback in relation to the performance of the Board (and its Committees) against a set of agreed criteria.

Feedback will be collected by the Chairman and be discussed by the Board, which will consider whether any steps should be taken to improve performance.